

2007-2008 CAPITAL IMPROVEMENT PROGRAM

OVERVIEW

The City of Carlsbad Capital Improvement Program (CIP) is a planning document that outlines the expenditure plan for future capital projects and the corresponding revenues to pay for those expenditures. The CIP is a financial planning document, not a commitment for spending. All construction costs are estimates and are reviewed and further refined each year. Spending authorization is given only at the time the City Council formally adopts the annual budget, and, at that time, funds are only appropriated for the following fiscal year. The information shown in subsequent years is to provide the most comprehensive snapshot of all the known future facilities the City of Carlsbad plans to construct.



The Fiscal Year 2007-08 Capital Improvement Program outlines approximately \$32.8 million in new appropriations to provide additional funding for the continuation of existing projects as well as funding for new projects. Projected revenues during the same fiscal year are estimated at \$44.0 million. Revenues are collected as building permits are issued, and as the need for facilities arises, the money is used to fund the new facilities. As the City continues to grow and develop, there is a corresponding increase in the demand for development-related services and new facilities. To ensure that the necessary infrastructure and facilities are built on a schedule that meets or exceeds this demand,

the citizens of Carlsbad adopted a Growth Management Plan in 1986. The Growth Management Plan states that unless a standard level of facilities is available to meet new demands resulting from the City's growth, development cannot proceed. This Plan is the foundation for making decisions about the timing and prioritization of the capital projects under consideration. A discussion of the City's Growth Management Plan is located at the end of this report.

The remainder of the report explains the process and the results of the City's plans for its capital facilities. A large increase in the cost of construction materials has occurred over the past 3 years pushing up the cost of the City's projects. This cost escalation has contributed to the projected shortfall of \$12.7 million at buildout in the Public Facilities Fees (PFF) Fund. The PFF Fund shortfall at buildout in the 2007-08 CIP is down from the \$17.0 million projected at buildout in the 2006-07 CIP.

In FY 2007-08 the Carlsbad City Council approved three actions to reduce the PFF balance at buildout to approximately \$12.7 million. The first action was to purchase, in FY 2006-07, a scheduled land acquisition that was previously budgeted in PFF, with Park-In-Lieu – Northeast (PIL-NE) funds. The land acquisition is for a future park site and it is located in the new Robertson Ranch development. The land acquisition cost for the park is approximately \$4.6 million. An advance from the PFF Fund for \$4.6 million would be made in FY 2006-07 and the loan would be paid back to the PFF Fund once cash is available in the PIL-NE Fund. The second action was to move approximately \$4.8 million of traffic signal and median projects that were previously budgeted in PFF to the Gas Tax Fund. The third action was to move \$6.0 million of the Alga Norte Pool project to the General Capital Construction Fund. If these recommendations had not been implemented, the PFF deficit would have been approximately \$28 million at buildout.

It is important to note that as the City approaches buildout there are fewer available development projects that can be charged Public Facilities Fees. While this is not an immediate problem, it is an indication that the City may not have the money to build all of the projects listed under the PFF program or will need to pursue other funding options.

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The Public Facilities Fees is not anticipated to be in deficit until FY 2012 and City staff will continue to monitor the projected deficit in PFF and bring forward additional solutions at the appropriate time.

Proposition C was approved by the voters in November 2002. It allowed the City of Carlsbad to expend over \$1 million of general funds to help finance the following projects:

- City/Safety Training Center
- A portion of Cannon Road – East of College (reach 4)
- Trails and Open Space
- A swimming pool complex

As a result of the ballot initiative the City set aside \$35 million for Proposition C projects. Currently of the \$35 million, \$16.2 million is allocated to Alga Norte Park and approximately \$1 million is allocated for the design of the City/Safety Training Center. The remaining balance of \$17.8 million is available to help fund Proposition C projects.

It is still anticipated that the City will meet all of its growth management standards. This reflects the Council's continued commitment to construct the facilities as needed to serve the current and anticipated development occurring throughout the City.

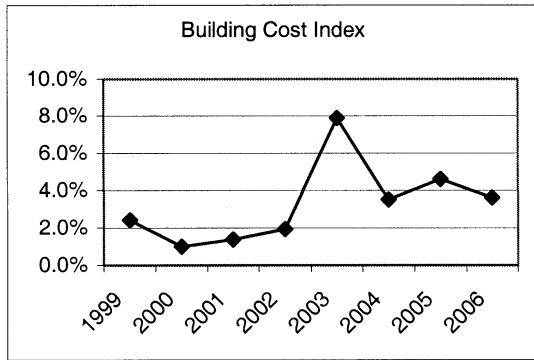
PROJECT EVALUATION

What is the definition of a CIP project? Projects that are shown in the CIP are generally defined as any construction (or reconstruction/replacement) of major infrastructure such as streets, libraries, parks, fire stations and administrative facilities, water, sewer and drainage facilities, and other facilities that are located on or in the ground. In most cases, the total construction cost of each of these assets is recorded and tracked as part of the City's inventory of capital infrastructure assets and other City-owned property.

The CIP and the Operating Budget are integral parts of the total City financing plan. This year the CIP review process was analyzed and process improvements were implemented. Staff began by evaluating the construction schedules for City facilities in conjunction with the workload of the staff needed to complete the projects. Whenever possible project timing was reviewed and projects were moved into the appropriate year. In the FY 2007-08 CIP, there are approximately 118 projects planned through buildout. All projects were analyzed using the criteria shown in the table. An evaluation of the availability of capital construction funds as well as operating funds was then factored into the evaluation process.

Project Ranking Criteria	
1.	Is the project required to ensure the health and safety of the citizens, as the result of a legal mandate, or to maintain compliance with the City's Growth Management Plan? Are operating funds available to operate the facility?
2.	Is the project needed soon for growth management compliance?
3.	Is the project needed now for other City standards (example: ball field standards)?
4.	Does the project complete or provide part of the basic infrastructure (example: a linking road segment)?
5.	Are there other reasons to construct the project (example: timing or funding opportunity, public demand)?

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Due to the recent volatility in construction costs, capital project costs were updated to reflect the latest increases in materials costs. This was done through either a detailed review of the cost components, or, in cases where the project is only in its conceptual stages, by increasing the total cost by the Engineering News Record (ENR) index. As seen in the chart, the past several years have seen large building cost increases; 9.7% in 2004, 4.6% in 2005 and 3.6% in 2006. The ENR is forecasting that annual inflation for building costs could remain in the 3% to 4% range in 2007.

CAPITAL PROJECTS

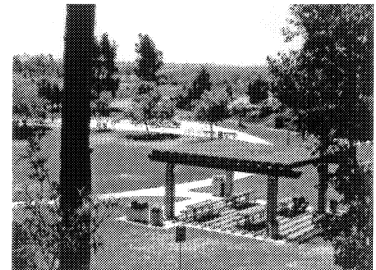
The following two sections provide information about the major capital projects. The first section focuses on projects planned in the next five years, and the second section contains an overview of the entire expenditure plan through the buildout of the City. All construction costs are estimates and only projects scheduled for FY 2007-08 are appropriated. The information shown in the future years reflect the most comprehensive snapshot of the known future facilities and their associated cost at this point in time.

THE NEXT FIVE YEARS...

PARK PROJECTS

The City has planned a number of park projects over the next 5 years which will enhance the recreational opportunities for Carlsbad's residents and allow the City to meet the standards for park acreage as set forth in the growth management plan. Some of the more significant projects are listed below.

- Alga Norte Park and Aquatic Center – This park site consists of 30 acres in the Southeast Quadrant with planned amenities that include ball fields, soccer fields, picnic areas, tot lots, a skate park, a dog park, restrooms, parking facilities, and an aquatic center. The aquatic center will include a 50-meter competition pool, a 12-lane instructional pool and a therapy pool as well as a water play area with slides. A swimming pool complex was one of the projects approved by the voters through Proposition C in 2002. The total cost of the park is estimated to be \$22.1 million. The total cost of the aquatic center is estimated to be \$28.3 million. At this time, construction is scheduled to start in the winter of 2007. Construction will take approximately 2 years.
- Pine Park Community Center – The plan to construct a 20,000 square foot community facility and gymnasium at Pine Avenue Park has not changed. The facility is planned to include basketball, volleyball, gymnastics, multi-purpose rooms, meeting rooms, a teen center and office space. Design of this \$9.4 million facility is still expected to begin in FY 2009-10 and construction is still scheduled to begin in FY 2010-11.
- Poinsettia Tennis Courts – Plans are currently underway to build seven tennis courts with lighting at the Poinsettia Park. The facility will also receive additional parking and construction is scheduled to begin in FY 2008-09. The estimated cost of the Tennis Courts and Parking is \$2.1 million.
- Poinsettia Park Community Center – Phase II of this 42-acre park includes amenities such as a community facility, gymnasium, enclosed soccer field, tot lot, picnic areas, tennis complex, clubhouse, stadium court and additional parking. The cost has been escalated to reflect inflation



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and the revised cost is now expected to be approximately \$12.5 million. The timing of the design has not changed and is still scheduled to begin in FY 2010-11 and the construction start is still FY 2011-12.

CIVIC FACILITIES

Civic facilities include a variety of facilities from which the City can offer its services to the public. Many of these are still in the preliminary design stage and will be further defined over the next several years.

- Civic Center – The Civic Center will consolidate City administrative operations and facilities into a more centralized location. It also may include a variety of other services and recreational opportunities for citizens and visitors. Council, citizens and members of the business community have been participating in a visioning process to determine the anticipated needs for the citizens and for the City. Once the process is complete, a site will be chosen and design and construction can begin.
- Public Works Center – The project is for the construction of the Public Works Center and associated improvements. It includes offices, shops, a yard, warehouse and parking to accommodate the Public Works Department. The cost has been escalated to reflect inflation and the revised cost is now approximately \$27.3 million without any land acquisition costs.
- Safety Training Center – It is necessary to relocate the Police Department's shooting range which was located on the new golf course property, The Crossings at Carlsbad. In addition, there is a need for specialized training facilities for other public safety purposes. This project was authorized under Proposition C, which was approved in 2002. Preliminary design work is currently underway. In addition to a shooting range, the facility may include a fire training tower, residential training prop, fire administration building with classroom and storage facilities. There is currently \$950,000 budgeted for design only. Once the design is complete the construction budget will be developed and funding sources will need to be identified.
- Library Learning Center – This project is to provide a permanent location for the Adult Learning and the Centro de Información programs. The existing building adjacent to Holiday Park is currently being remodeled and a second story will be added.



- Fire Station No. 6 Relocation – Fire Station No. 6 is currently located in a temporary facility in the southeast quadrant of Carlsbad. The relocation of this station to a new 6,200 square foot permanent facility along the east side of Rancho Santa Fe Road is progressing and a contract has been awarded for construction. Total cost is approximately \$5.8 million. This fire station is required to help ensure a five-minute response time within the southeast part of the City as development in that area occurs.
- Fire Station No. 3 Relocation – Fire Station No. 3 is currently located at the corner of Chestnut and Catalina. As the City grows eastward, relocation of this station is needed to help ensure the five-minute response time. The new station is budgeted as a 6,200 square foot facility and the current proposed site is next to Calavera Hills Community Park. The suitability of this location is currently under review. Total cost is projected at \$6.8 million and includes \$1 million for land acquisition.

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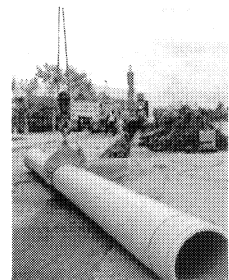
STREET PROJECTS

Traffic congestion continues to be one of the top concerns among citizens. To help improve the flow of traffic throughout Carlsbad and to keep the City's streets in top condition, there are a number of street projects expected to be completed in the next five years. Some of the larger street projects include:

- Faraday Avenue and Melrose Drive Extensions east of El Camino Real – This project encompasses the extension of Melrose Drive from Palomar Airport Road to the Carlsbad/Vista city limits and the extension of Faraday Avenue from Orion Way to Melrose Drive in Vista. The project would include the reconstruction of a portion of existing Melrose Drive in the City of Vista and the construction of a bridge over the Agua Hedionda Creek along Faraday Avenue. This project is being built by the developers in the area and reimbursed from the proceeds of a bond issue. Community Facilities District #3 is the mechanism for the issuance and repayment of the debt.
- Pavement Management – A street can last a lifetime if it is properly maintained. Applying seals and overlays when roadways are beginning to show signs of distress can minimize the more expensive repair/reactive maintenance activities. The proactive approach consists of the scheduled application of a seal or overlay once every seven years. By using the proactive approach the City can efficiently maintain over 330 miles of public roadways at an annual cost of approximately \$3.4 million.
- El Camino Real Widening – Tamarack to Chestnut – An outside lane will be added to widen the street to full prime arterial road standards. The project will include curb, gutter, sidewalk, pavement and streetlights. The total cost of the project will be \$3.3 million and the project will start in FY 2007-08.
- Concrete Repair – This is a companion program to the pavement management program. It will insure that curbs, gutters and sidewalks are also properly maintained. By allocating the funding, both pavement and concrete replacements can be accomplished at the same time. This will help maximize efficiencies and reduce inconvenience to the citizens. There is \$350,000 budgeted in FY 2007-08 for this program.

WATER/ SEWER PROJECTS

The City's water and sewer projects are a vital component to the continued health and welfare of its citizens. Most new lines are built and paid for by developers. As the City ages, the number of these projects will grow as it becomes necessary to repair and replace the lines that are being built today.



- Vista/Carlsbad Interceptor – Reaches 1, 2, 3, 11, 13 to 15, and the Agua Hedionda lift station are scheduled in the next five years. These projects are required to handle buildout flows and replace deteriorated pipelines. The projects are predominantly funded by the City of Vista, depending on the project, and the City of Vista's share of the costs are between 60% - 90% of the total project cost. The total estimated costs for all of the projects are approximately \$29.7 million.
- Water Lines – Several major water lines are scheduled for construction within the next five years:
 - Carlsbad Boulevard – South of Avenida Encinas
 - College Boulevard – Various sections
 - Faraday Avenue extension
 - Melrose Drive from Palomar Airport Road to Faraday

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CAPITAL PROJECTS THROUGH BUILDOUT

The CIP for FY 2007-08 to Buildout outlines approximately 118 future projects at a cost of approximately \$411.8 million as shown below.

CIP Projects – All Future Projects

Type of Project	Quantity	Total Cost
Streets/Circulation	25%	102,611,948
Civic Projects	22%	90,685,042
Parks	19%	76,597,831
Sewer	14%	59,836,050
Water	9%	38,473,615
Drainage	5%	21,401,293
Other (loans)	6%	22,163,365
Total Future	100%	\$411,769,144

One of the largest expenditure categories is for park and recreational facility construction and acquisition projects, which total approximately \$76.6 million. Park projects planned within all quadrants of the City are listed below in addition to when the design and/or construction is expected to begin. More detail follows on specific projects not discussed earlier in this report.

PARK PROJECTS BY QUADRANT

Northwest Quadrant

Pine Avenue Park Community Building: 2010-11

Northeast Quadrant

Park Site Development: 2017-22

Southwest Quadrant

Poinsettia Park Community Building: 2011-12

Aviara Community Building: 2017-22

Southeast Quadrant

Alga Norte Park: 2009-10

Alga Norte Aquatic Center: 2009-10

Leo Carrillo Park Phase III: 2017-22



Citywide Park and Recreational Projects

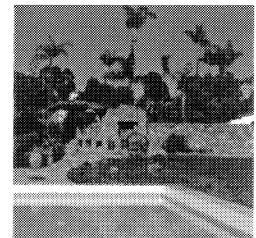
Municipal Golf Course: 2007-08

Veteran's Memorial Park: 2012-17

Business Park Recreational Facility: 2017-22

- Aviara Community Facility – Located in the southwest quadrant of the city, this project includes the construction of an 18,000 square foot community facility that would include meeting and activity rooms, as well as park offices.

- Leo Carrillo Park Phase III – This park was once part of the original 2,538 acre working rancho, home to actor Leo Carrillo, his wife Edith, and their daughter Antoinette. It is located in the southeast quadrant, approximately one mile south of Palomar Airport Road. Initial restoration was completed and the park opened to the public in 2003. Future work includes renovation of the barn into a small theatre, restoration of the cantina, equipment shed, blacksmith shop, carriage house and water tank. A botanical garden, picnic areas, and trails will also be added to enhance the visitor's experience at the ranch.



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- Leo Carrillo Event Area Expansion – The popularity of Carrillo Ranch for parties and weddings has continued to increase every year. In FY 2007-08, the design of a new patio area at Leo Carrillo Ranch is being proposed. The flagstone patio, seat wall, lighting, landscape and additional service access will provide more level floor space for events and potentially increase additional future rental revenue.
- Veterans Memorial Park – This project is located south and east of Agua Hedionda Lagoon adjacent to the City Golf Course, The Crossings at Carlsbad. The Master Plan includes the following improvements: community leisure needs, open space interpretive area, parking, and maintenance facility. Other suggested uses for this park include an amphitheater complex, sports complex, conference center and numerous other active/passive recreation amenities.

Construction of Civic facilities such as libraries, administrative facilities, police and fire facilities are currently estimated at \$90.7 million of the total planned capital expenditures to buildout. Approximately 25% of future expenditures are planned for street and traffic signal construction projects. Included in this category is construction of major roadways that will add east to west and north to south connections as well as provide additional routes to the neighboring cities of Oceanside, Vista, and San Marcos. Sections of these roads are already under construction by developers. Additional roadway projects include replacement of the Carlsbad Boulevard Encinas Creek Bridge, several road-widening projects, \$4.2 million for concrete repair work and over \$85.3 million for future pavement overlay. Additional traffic signals are expected to cost approximately \$3.7 million.

Sewer and drainage projects are expected to cost over \$81.2 million, which includes over \$25 million in sewer replacement projects. Funding is also provided for the repayment of bonds for the expansion of the Encina Wastewater Facility, and the Encina Water Pollution Control Facility projects.

Future water projects include construction of new waterlines, both potable and recycled, concurrent with new development. Some of the major areas in which these installations or upgrades are planned include segments of College Boulevard and El Fuerte, and along El Camino Real. Replacement of existing potable and recycled waterlines is also included in this category, and additional reservoirs are planned to increase storage for ultimate demands.

Specific timing and cost estimates for all capital projects are identified in the Detail Schedule of Capital Projects (FY 2007-08 to Buildout) following this narrative.

UNFUNDED PROJECTS

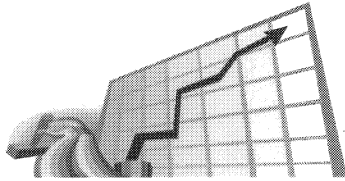
There are several projects identified in the CIP for which there is no identifiable funding source. The City will investigate obtaining possible outside funding such as Federal and State grants, loans, or other financing sources. Once funding is identified for these projects the project costs will have to be reviewed and updated to reflect actual cost estimates. The unfunded projects do not receive annual inflationary increases. These projects are:

- El Camino Real Widening from Cassia Road to Camino Vida Roble
- Palomar Airport Road Widening and Bridge Reconstruction
- Poinsettia Lane - REACH E (\$11M funded through BTB #2)
- Cannon Road - REACH 4B – College/Cannon to City Limits
- Cannon Lake Park (6.7 Acres)
- Hosp Grove/Buena Vista Lagoon Improvements
- Pine Ave. Park – Madison Property
- Pine Ave. Park – Restrooms/Storage

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This year two projects at Pine Avenue Park were added to the unfunded list. The two projects at Pine Park are currently being reviewed by staff and staff plans to bring Council funding options on these projects in the future.

FUTURE GROWTH AND DEVELOPMENT



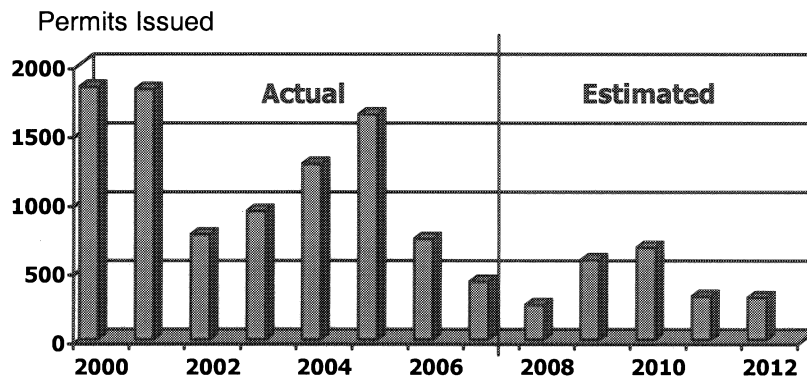
There are a variety of revenues that are used to fund the capital projects. In order to estimate future revenues from development, several assumptions about the rate and type of future development need to be made. These assumptions can change from year-to-year and correlate with the economic climate.

Every year, City staff evaluates all existing and future private development projects and compares this information to the buildout capacity of the City using adopted general plans. Information about existing development activity combined with estimates of how remaining net developable land might develop are then summarized to prepare future projections about when and where residential and non-residential development will occur. Finance Department staff prepare cash flow schedules using current fund balances combined with future estimated fees paid by those developments, then compares the available funds to the expenditure plan to ensure that funding will be sufficient for construction of the capital projects as planned in the CIP. In addition to evaluating whether or not capital funds are sufficient, significant operating cost impacts and availability of staff resources are also used to evaluate the timing of projects. Where funding discrepancies occur, alternative financing methods and project timing are again evaluated and recommendations are made to resolve the discrepancies.

Residential development is expected to taper off in the future. The number of annual building permits issued is projected to decline compared to the previous five-year period. The development schedules of the remaining vacant parcels is driving the timing of the future units, rather than economic or market conditions. There are approximately 4,800 units remaining before the City is predominantly built out.

Residential development for FY 2007-08 is projected at 251 units with an average about 423 units per year over the next five years. This is compared to an average of over 1,002 units per year for the previous five-year period. The decline is due to the dwindling supply of developable land.

Residential Units Trend 2000 to 2012



The amount of non-residential development is projected to also decline slightly over the next five years. The average annual square feet of non-residential development for the past 5 years was about 793,000. For FY 2007-08, the estimate is for 471,000 square feet, and the average annual development for the next 5-year period is approximately 735,000 square feet per year. Projects

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include several neighborhood commercial/retail developments located in or near the areas where most of the residential development has occurred or where new development is planned over the next several years. In the southeast quadrant, commercial projects include retail and restaurants, a theater, a daycare, and church. Sunny Creek Plaza is a planned commercial development located east of El Camino Real at College Boulevard next to the Sunny Creek residential neighborhood, and the Bressi Ranch area will also have a commercial development. Other commercial developments are planned at Calavera Hills and at Poinsettia Shores. Industrial development consists of various new office and industrial projects, as well as expansion of existing projects at Kelly Corporate Center. Development estimates provide the data and basis for estimating future fee revenues, which are calculated by multiplying each applicable development fee by the estimated number of dwelling units and/or square feet of construction expected during each year. The following table shows the number of residential units and non-residential square feet of development used in calculating estimated revenues for FY 2007-08 and subsequent years to buildout.

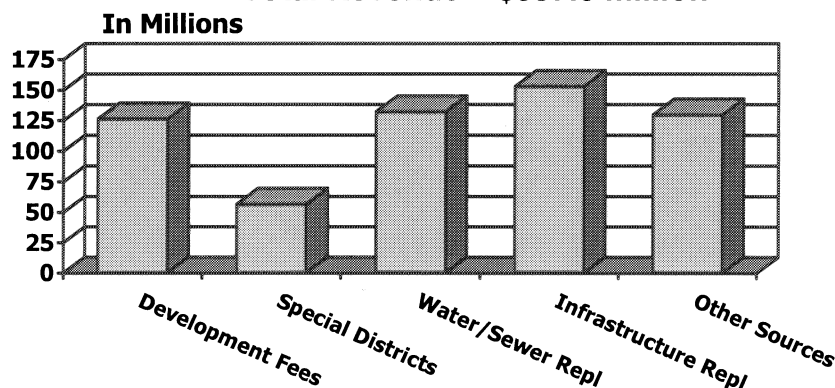
Projected Development Residential and Non-Residential Construction

Year	Residential Units	Non-Residential Square Feet
2006-2007 current	422	1,417,863
2007-2008	251	471,596
2008-2009	579	1,147,590
2009-2010	669	824,067
2010-2011	313	651,135
2011-2012	305	579,261
Years 6-10	1,474	4,286,389
Years 11-buildout	1,067	2,700,658
Total Future	4,658	10,660,695

REVENUES

Revenues for Capital Projects from now until buildout are estimated to be approximately \$597.6 million and are segregated into five major categories: (1) fees generated by development in Carlsbad, (2) special district fees and taxes (Community Facilities Districts and Bridge and Thoroughfare Benefit Districts), (3) Water and Sewer replacement reserves, (4) Infrastructure Replacement Funds (other than sewer and water), and (5) other sources including grants, bond issues, and contributions from other agencies.

Funding Sources FY 2007-08 to Buildout Total Revenue = \$597.6 million



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Approximately 21% of all capital revenue is received as a result of development, and is dependent upon assumptions made about the City's annual growth in dwelling units and commercial/industrial square feet. Development revenues include Public Facilities Fees (PFF), Traffic Impact Fees (TIF), Park-In-Lieu Fees (PIL), Planned Local Drainage (PLD) Fees, Water Connection Fees (MFF), and Sewer Connection charges. Revenue from special districts, such as Community Facilities Districts (CFD) and Bridge and Thoroughfare Benefit Districts (BTD) comprise 9% of the total. Water and Sewer replacement revenues generated by user fees equal approximately 22% of total revenues, and are used to pay for replacement of existing water and sewer facilities. Infrastructure replacement revenues, equal to 26%, are transfers from the City's General Fund which are being set aside to pay for replacement of major capital facilities other than sewer and water facilities. The remaining 22% consists of revenues from other agencies and include federal and state grants, the county sales tax program (TransNet), redevelopment agency revenue, golf course funding, and contributions from cities and other agencies.

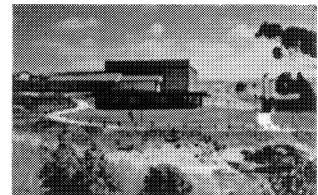
CALCULATION OF FUTURE FEES

The revenue projections of the Capital Improvement Program reflect the growth assumptions identified in the previous section. The following information delineates how those assumptions were applied to estimate future development revenues. The mix of multi-family and single-family residential units is assumed to be 35% and 65% respectively and reflects the anticipated mix of residential development for each Local Facilities Management Zone. The building permit valuation used for computing Public Facilities Fees is \$166,900 per multi-family dwelling unit, and \$285,600 per single-family dwelling unit. A building permit valuation of \$38 per square foot of construction is used to calculate non-residential Public Facilities Fees.

In order to calculate estimated revenues for Traffic Impact Fees (TIF), the number of average daily trips was computed for each type of development use. A multi-family residential dwelling unit is assigned eight trips per day and a single-family unit is assigned ten trips per day. Each residential trip is valued at the FY 2007-08 TIF of \$107. The trips-per-day value for commercial and industrial buildings are averaged at 30 trips per 1,000 square feet of development, although the actual volume of trips generated by commercial/industrial building can vary widely depending on the ultimate land use. The value assigned to each commercial/industrial trip is \$41.

CFD #1 is a citywide district established to finance various civic facilities required under the City's Growth Management Plan. CFD #3 was established for the Faraday Avenue and Melrose Drive Extensions east of El Camino Real. This project encompasses the extension of Melrose Drive from Palomar Airport Road to the Carlsbad/Vista city limits and the extension of Faraday Avenue from Orion Way to Melrose Drive in Vista.

Park-in-Lieu Fees are collected for the purchase and development of parkland within each quadrant of the City, and the fees are based on the acquisition cost of parkland. Projects in the CIP funded with Park-in-Lieu Fees include future park site acquisition, development and restoration.



There are two existing Bridge and Thoroughfare Fee Districts (BTD), which were formed by property owners to finance specific road construction projects located within each of the district boundaries. Poinsettia Lane - Aviara Parkway (BTD No. 2) was formed to finance the construction of Poinsettia Lane between Aviara Parkway and El Camino Real and Aviara Parkway between Palomar Airport Road and Poinsettia Lane. BTD No. 3 (Cannon Road West) was formed to fund portions of Cannon Road from Interstate 5 to El Camino Real. Although construction of this project is complete, revenues collected from future development within the district will be used to repay an advance that provided interim funding to complete the project.

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SUMMARY

The FY 2007-08 to Buildout CIP is being driven by the City's commitment to ensure that facilities are available to service the developing areas as well as the current residents. Carlsbad's philosophy has been to build quality capital facilities, which meet, and at times exceed, Growth Management standards. Phasing projects over a period of years to match funding availability for construction and operations is often used to meet the needs of growth management. The FY 2007-08 to Buildout Capital Improvement Program reflects the commitment of Carlsbad's Council and staff to continue providing its residents with a better quality of life.

GROWTH MANAGEMENT PLAN

The Growth Management Plan was developed and voted into law by the citizens of Carlsbad in 1986. The plan was established to manage development within the City by linking residential, commercial, and industrial development directly to standards for availability of public services and facilities.

The Growth Management Plan has established precise standards for eleven public facilities. Standards must be met at all times as growth occurs. Facilities for which standards have been established are as follows:

- | | |
|------------------------|--------------------|
| - City Administrative | - Library |
| - Wastewater Treatment | - Parks |
| - Circulation | - Drainage |
| - Fire | - Open Space |
| - Schools | - Sewer Collection |
| - Water Distribution | |

The plan requires that appropriate public facilities be available, in conformance with the adopted performance standards, as development occurs. Unless all of the eleven public facility standards have been met, no new development can occur.

The Growth Management Plan impacts both the Operating Budget and the Capital Improvement Program. The detailed level of planning required by Growth Management has allowed Carlsbad's Capital Improvement Program to anticipate the funding needed for capital improvements through buildout of the City. The timing of construction of facilities is governed by the rate of development and the eleven performance standards. New public facilities often require additional staffing and other resources, which affects the Operating Budget. Facilities such as community centers, parks, and fire stations have been constructed and opened to the public under this program.

The Capital Improvement Program has been designed to specifically address areas where new or expanded facilities will be needed to maintain compliance with the adopted performance standards. With the adoption of the FY 2007-08 CIP, compliance with the Growth Management Plan is continued.

**CITY OF CARLSBAD
CAPITAL FUNDS
PROJECTED FUND BALANCES FOR FY 2006-2007**

FUND	JULY 1, 2006 UNRESERVED BALANCE	ESTIMATED REVENUES	ESTIMATED EXPENDITURES	ESTIMATED DEBT SERVICE LOANS & OTHER	JUNE 30, 2007 PROJECTED BALANCE
BTD#2 - POINSETTIA LANE/AVIARA PKWY	8,374,804	1,336,784	0	0	9,711,588
BTD#3 - CANNON ROAD WEST	1,155,699	680,343	433,845	45,167	1,357,030
CFD #1 - CITYWIDE	50,375,883	5,765,973	4,332,587	206,649	51,602,620
GAS TAX	5,760,304	2,074,752	3,133,566	277,698	4,423,792
GENERAL CAPITAL CONST.	50,915,753	2,626,024	3,798,581	0	49,743,196
GOLF COURSE	2,222,293	44,848,207	42,239,391	166,103	4,665,006
GRANTS - FEDERAL	(347,726)	947,620	255,633	0	344,261
GRANTS - STATE	16,701	705,553	15,362	705,245	1,647
INFRASTRUCTURE REPLACEMENT	22,089,463	8,448,873	1,965,693	0	28,572,643
OTHER	26,541,772	15,693,889	8,898,685	171,780	33,165,196
PARK FEE ZONES 5,13,16	1,207,366	297,986	0	0	1,505,352
PARK-IN-LIEU NE	813,511	4,398,262	433,328	0	4,778,445
PARK-IN-LIEU NW	1,178,614	273,305	576,000	0	875,919
PARK-IN-LIEU SE	2,075,205	189,869	0	0	2,265,074
PARK-IN-LIEU SW	829,979	229,757	0	0	1,059,736
PLANNED LOCAL DRAIN'G	9,731,604	1,002,540	606,469	426,305	9,701,370
PUBLIC FACILITIES FEE	38,839,543	5,886,170	2,049,092	0	42,676,621
RANCHO SANTA FE ROAD PROJECT	11,091,168	4,720,307	4,650,486	35,450	11,125,539
REDEVELOPMENT VILLAGE	790,506	715,000	30,454	71,719	1,403,333
REDEVELOPMENT SCCRDA	90,280	250,000	43,139	0	297,141
SEWER BENEFIT AREAS	4,776,096	720,322	159,298	0	5,337,120
SEWER CONNECTION	30,884,082	2,418,232	903,964	2,342,060	30,056,290
SEWER REPLACEMENT	22,285,948	4,507,226	2,680,360	350,600	23,762,214
TDA	0	100,000	0	0	100,000
TRAFFIC IMPACT FEE	11,231,717	1,985,707	2,089,121	0	11,128,303
TRANSNET/BIKE	228,295	95,834	215,762	0	108,367
TRANSNET/HIGHWAY	1,196,773	51,690	16,035	2,301	1,230,127
TRANSNET/LOCAL	5,010,069	8,797,874	4,580,125	1,035,843	8,191,975
TRANSNET/STP	305,278	13,237	0	223,464	95,051
WATER - MAJOR FACILITY	18,114,885	2,336,465	2,702,142	0	17,749,208
WATER - RECYCLED WATER	3,008,622	7,224,426	3,296,386	6,000,000	936,662
WATER - REPLACEMENT	18,690,445	18,674,645	3,815,944	0	33,549,146
TOTAL	349,484,932	148,016,870	93,921,448	12,060,384	391,519,970

**CITY OF CARLSBAD
CAPITAL FUNDS
PROJECTED FUND BALANCES FOR FY 2007-2008**

FUND	JULY 1, 2007 PROJECTED BALANCE	ESTIMATED REVENUES	06/30/2007 CONTINUING APPROPR.	07/01/2007 NEW APPROPR.	2007-2008 TOTAL CIP APPROPR.	JUNE 30, 2008 PROJECTED BALANCE
BTD#2 - POINSETTIA LANE/AVIARA PKWY	9,711,588	131,310	349,302	0	349,302	9,493,596
BTD#3 - CANNON ROAD WEST	1,357,030	54,797	0	600,000	600,000	811,827
CFD #1 - CITYWIDE	51,602,620	1,739,179	1,799,345	110,000	1,909,345	51,432,454
GAS TAX	4,423,792	1,918,628	2,515,418	618,550	3,133,968	3,208,452
GENERAL CAPITAL CONST.	49,743,196	750,000	23,123,305	6,312,545	29,435,850	21,057,346
GOLF COURSE	4,665,006	0	3,907,140	0	3,907,140	757,866
GRANTS - FEDERAL	344,261	1,963,578	344,262	405,429	749,691	1,558,148
GRANTS - STATE	1,647	0	0	0	0	1,647
INFRASTRUCTURE REPLACEMENT	28,572,643	7,801,000	2,056,112	1,106,750	3,162,862	33,210,781
OTHER	33,165,196	0	31,236,207	0	31,236,207	1,928,989
PARK FEE ZONES 5,13,16	1,505,352	44,346	0	0	0	1,549,698
PARK-IN-LIEU NE	4,778,445	0	4,550,020	0	4,550,020	228,425
PARK-IN-LIEU NW	875,919	149,905	0	0	0	1,025,824
PARK-IN-LIEU SE	2,265,074	80,187	0	20,550	20,550	2,324,711
PARK-IN-LIEU SW	1,059,736	203,140	219,100	0	219,100	1,043,776
PLANNED LOCAL DRAIN'G	9,701,370	244,733	2,769,097	0	2,769,097	7,177,006
PUBLIC FACILITIES FEE	42,676,621	2,388,044	28,012,884	6,255,155	34,268,039	10,796,626
RANCHO SANTA FE ROAD PROJECT	11,125,539	7,978,743	4,270,438	0	4,270,438	14,833,844
REDEVELOPMENT VILLAGE	1,403,333	100,000	1,227,013	0	1,227,013	276,320
REDEVELOPMENT SCCRDA	297,141	0	292,678	0	292,678	4,463
SEWER BENEFIT AREAS	5,337,120	151,538	1,181,774	2,000,000	3,181,774	2,306,884
SEWER CONNECTION	30,056,290	4,033,935	13,196,454	3,304,860	16,501,314	17,588,911
SEWER REPLACEMENT	23,762,214	5,280,000	10,286,739	3,536,446	13,823,185	15,219,029
TDA	100,000	0	100,000	0	100,000	0
TRAFFIC IMPACT FEE	11,128,303	594,781	2,841,839	396,000	3,237,839	8,485,244
TRANSNET/BIKE	108,367	0	90,262	0	90,262	18,105
TRANSNET/HIGHWAY	1,230,127	0	964,021	0	964,021	266,106
TRANSNET/LOCAL	8,191,975	3,722,000	2,224,135	6,714,571	8,938,706	2,975,269
TRANSNET/STP	95,051	0	0	0	0	95,051
WATER - MAJOR FACILITY	17,749,208	740,931	2,759,024	0	2,759,024	15,731,115
WATER - RECYCLED WATER	936,662	0	936,662	0	936,662	0
WATER - REPLACEMENT	33,549,146	3,934,010	9,461,338	1,459,923	10,921,261	26,561,895
TOTAL	391,519,970	44,004,785	150,714,569	32,840,779	183,555,348	251,969,407

**CITY OF CARLSBAD
CAPITAL FUNDS
REVENUES ACTUAL AND ESTIMATED**

FUND	2003-2004 ACTUAL REVENUE	2004-2005 ACTUAL REVENUE	2005-2006 ACTUAL REVENUE	2006-2007 ESTIMATED REVENUE	2007-2008 ESTIMATED REVENUE
BTD#2 - POINSETTIA LANE/AVIARA PKWY	2,082,421	1,998,341	1,376,967	1,336,784	131,310
BTD#3 - CANNON ROAD WEST	0	44,911	94,297	680,343	54,797
CFD #1 - CITYWIDE	4,724,143	7,100,722	4,595,150	5,765,973	1,739,179
GAS TAX	1,785,785	1,955,691	1,974,975	2,074,752	1,918,628
GENERAL CAPITAL CONST.	558,927	2,459,316	2,699,589	2,626,024	750,000
GOLF COURSE	0	354,593	551,150	44,848,207	0
GRANTS - FEDERAL	361,048	667,538	1,127,704	947,620	1,963,578
GRANTS - STATE	52,028	1,852	429,683	705,553	0
INFRASTRUCTURE REPLACEMENT	3,946,110	4,405,430	4,787,770	8,448,873	7,801,000
OTHER	11,111,949	29,398,816	14,888,674	15,693,889	0
PARK FEE ZONES 5,13,16	47,366	99,420	303,004	297,986	44,346
PARK-IN-LIEU NE	125,004	48,251	216,055	4,398,262	0
PARK-IN-LIEU NW	514,627	50,048	577,594	273,305	149,905
PARK-IN-LIEU SE	30,554	1,186,959	342,046	189,869	80,187
PARK-IN-LIEU SW	35,582	462,471	180,662	229,757	203,140
PLANNED LOCAL DRAIN'G	1,241,432	1,711,440	974,397	1,002,540	244,733
PUBLIC FACILITIES FEE	5,224,343	10,023,947	7,177,940	5,886,170	2,388,044
RANCHO SANTA FE ROAD PROJECT	4,691,448	5,191,343	5,393,508	4,720,307	7,978,743
REDEVELOPMENT VILLAGE	7,547	1,445,277	1,058,550	715,000	100,000
REDEVELOPMENT SCCRDA	245,691	584,004	74,118	250,000	0
SEWER BENEFIT AREAS	557,429	801,202	362,151	720,322	151,538
SEWER CONNECTION	1,813,446	2,416,264	1,672,308	2,418,232	4,033,935
SEWER REPLACEMENT	4,198,825	1,641,162	5,271,251	4,507,226	5,280,000
TDA	78,572	5,325	136,933	100,000	0
TRAFFIC IMPACT FEE	975,812	2,014,264	1,407,742	1,985,707	594,781
TRANSNET/BIKE	110,471	2,797	65,859	95,834	0
TRANSNET/HIGHWAY	14,861	47,046	28,618	51,690	0
TRANSNET/LOCAL	4,120,403	2,873,656	2,320,925	8,797,874	3,722,000
TRANSNET/STP	1,479	8,576	6,935	13,237	0
WATER - MAJOR FACILITY	3,064,296	5,164,198	3,386,838	2,336,465	740,931
WATER - RECYCLED WATER	9,009,877	4,678,829	10,878,643	7,224,426	0
WATER - REPLACEMENT	2,877,307	1,393,946	5,495,772	18,674,645	3,934,010
TOTAL CAPITAL FUNDS	63,608,783	90,237,635	79,857,808	148,016,870	44,004,785

Note: Revenues include interfund loans and transfers in.

**CITY OF CARLSBAD
CAPITAL FUNDS
BUDGET EXPENDITURE SCHEDULE**

FUND	2004-2005	2005-2006	2006-2007	2006-2007	2007-2008	2007-2008
	ACTUAL	ACTUAL	ESTIMATED	CONTINUING APPROPR.	NEW APPROPR.	TOTAL CIP APPROPR.
BTD#2 - POINSETTIA LANE/AVIARA PKWY	140,577	116	0	349,302	0	349,302
BTD#3 - CANNON ROAD WEST	141,438	20,312	479,012	0	600,000	600,000
CFD #1 - CITYWIDE	108,553	188,281	4,539,236	1,799,345	110,000	1,909,345
GAS TAX	1,445,466	2,735,687	3,411,264	2,515,418	618,550	3,133,968
GENERAL CAPITAL CONST.	1,639,191	2,650,728	3,798,581	23,123,305	6,312,545	29,435,850
GOLF COURSE	2,571,508	26,426,592	42,405,494	3,907,140	0	3,907,140
GRANTS - FEDERAL	667,538	1,475,430	255,633	344,262	405,429	749,691
GRANTS - STATE	54,573	445,294	720,607	0	0	0
INFRASTRUCTURE REPLACEMENT	749,281	1,459,679	1,965,693	2,056,112	1,106,750	3,162,862
OTHER	12,631,957	19,972,734	9,070,465	31,236,207	0	31,236,207
PARK FEE ZONES 5,13,16	0	0	0	0	0	0
PARK-IN-LIEU NE	1,145,563	216,470	433,328	4,550,020	0	4,550,020
PARK-IN-LIEU NW	612,655	0	576,000	0	0	0
PARK-IN-LIEU SE	0	0	0	0	20,550	20,550
PARK-IN-LIEU SW	0	0	0	219,100	0	219,100
PLANNED LOCAL DRAIN'G	742,464	1,230,192	1,032,774	2,769,097	0	2,769,097
PUBLIC FACILITIES FEE	8,027,086	7,653,585	2,049,092	28,012,884	6,255,155	34,268,039
RANCHO SANTA FE ROAD PROJECT	11,798,358	7,944,216	4,685,936	4,270,438	0	4,270,438
REDEVELOPMENT VILLAGE	0	24,576	102,173	1,227,013	0	1,227,013
REDEVELOPMENT SCCRDA	21,247	225,217	43,139	292,678	0	292,678
SEWER BENEFIT AREAS	3,020,915	629,637	159,298	1,181,774	2,000,000	3,181,774
SEWER CONNECTION	3,902,475	1,244,997	3,246,024	13,196,454	3,304,860	16,501,314
SEWER REPLACEMENT	1,565,606	3,927,937	3,030,960	10,286,739	3,536,446	13,823,185
TDA	83,792	136,933	0	100,000	0	100,000
TRAFFIC IMPACT FEE	676,082	509,411	2,089,121	2,841,839	396,000	3,237,839
TRANSNET/BIKE	-	32,720	215,762	90,262	0	90,262
TRANSNET/HIGHWAY	701,207	76,019	18,336	964,021	0	964,021
TRANSNET/LOCAL	3,822,805	4,668,118	5,615,968	2,224,135	6,714,571	8,938,706
TRANSNET/STP	9,930	4,905	223,464	0	0	0
WATER - MAJOR FACILITY	(68,980)	501,035	2,702,142	2,759,024	0	2,759,024
WATER - RECYCLED WATER	12,581,542	10,004,001	9,296,386	936,662	0	936,662
WATER - REPLACEMENT	1,930,382	3,347,918	3,815,944	9,461,338	1,459,923	10,921,261
TOTAL CAPITAL FUNDS	70,723,211	97,752,740	105,981,832	150,714,569	32,840,779	183,555,348

